

Banking Standards Board - Annual Review 2017/18

The BSB has just published its latest review of culture in the UK's banking industry.¹ It is based on some 36,000 returned questionnaires and the views of 750 bank staff in focus groups over 25 banks and building societies. It builds on similar work undertaken for the first time by the BSB in 2016 and published last year.

Each firm has been sent its own individual data and only the aggregated information has been published. The results show a small shift in the right direction but as Alison Cottrell, the BSB's CEO, says "two data points do not make a trend".

Much of the work of the survey focused on three central themes: the match between the firms' values and how business is done; the level of acceptance of personal accountability and how firms treat employees and customers.

Most of the improvement has been in the retail and commercial banking businesses with no change for investment banking comparing one year with another. Being a member of a professional body does not appear to have influenced responses but the culture of those who are customer facing were more positive than those in back-office roles.

Those working in Northern Ireland, Wales and the West Midlands were more positive than those in London while those with the most negative perceptions were in the Channel Islands.

Those newly recruited were the most positive but as their period of service lengthened they tended to fall into a slough of despond. However, the attitude of those with seven or more years service started to rise back to the levels of new starters eventually reaching its zenith for those who have been with the firm for fifteen or more years.

There are still significant numbers of employees who fear raise issues with over a quarter fearing what would happen to them if they did so. These are largely found in firms with a culture of blame and fear which are also perceived as being very hierarchical. Additionally, some 14% of responses appeared to demonstrate low morale and a state of resignation with staff believing that raising concerns was futile since nothing would happen. These highlighted areas of work in "which changes perceived as flawed were pushed through with little or no consultation of those affected".²

The highest scoring banks evinced, unsurprisingly, trust in the leaders whose messages were seen as permeating throughout the organisations and seen as practical and relevant by all the staff. In some cases employees felt that firms had taken a long-term view even if this resulted in increased costs and reduced profits in the short term.

In the lower scoring businesses the leadership was remote and not trusted and values were "over-explained". In parallel, in the worst firms, there appeared to be a culture of avoiding or shifting responsibility for things going wrong and a general lack of accountability starting with the senior team.

These learnings are not peculiar to the banking sector but translate across all businesses and institutions. It would, consequently, be useful for all sectors to undertake similar independent reviews and to publish the results.

¹ <https://www.bankingstandardsboard.org.uk/annual-review-2017-2018>

² *ibid*, 8 and 41